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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

JUN 13 2000

In the Matter of	)	
	)	
Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996	)	
	)	CC Docket No. 94-129
Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers	)	

AT&T SUPPLEMENTAL COMMENTS

AT&T submits these supplemental comments in response to the Commission's May 17 Public Notice,[1] requesting parties to refresh the record and to submit additional information on certain specific issues regarding the Commission's pending proposal that switchless resellers be required to obtain their own carrier identification codes ("CICs").[2]

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1 See Public Notice, "Common Carrier Bureau Asks Parties to Refresh Record and Seeks Additional Comment on Proposal to Require Resellers to Obtain Carrier Identification Codes," DA 00-1093, released May 17, 2000 ("May 17 Public Notice"). In response to a motion by the Association of Communications Enterprises ("ASCENT"), the Commission extended the comment and reply comment dates in this matter to June 13 and June 20, 2000, respectively. See Public Notice, "Common Carrier Bureau Extends Pleading Cycle on Proposal to Require Resellers to Obtain Carrier Identification Codes," DA 00-220, released June 2, 2000.

2 Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers, 14 FCC Rcd 1508, 1593-1601 (1998)("Second Report and Order").

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Although it fully shares the Commission's desire to control the abusive practice of "soft slamming," AT&T showed in an earlier phase of this proceeding that requiring switchless resellers to obtain CICs would likely be an ineffective means of addressing this slamming problem. In particular, the record there demonstrated that mandating issuance of CICs to resellers would pose serious implementation problems in terms of potential premature exhaustion of the current CIC numbering configuration, as well as the cost burden on facilities-based interexchange carriers ("IXCs"), local exchange carriers ("LECs") and switchless resellers alike.[3]

AT&T shows below that the passage of time since the initial comment cycle has done nothing to mitigate these serious detrimental impacts. Indeed, there is now even less basis for incurring these adverse consequences, because other recent pro-consumer initiatives by the Commission, such as the "Truth-in-Billing" program, have already had (and are likely increasingly to have) a measurable beneficial impact in controlling all forms of slamming, including "soft slams." Thus, there is no basis to burden switchless resellers with these unique proposed requirements, or to impose new costs on facilities-based IXCs related solely to the provision of service for resale.

The Commission, carriers and industry bodies have expended substantial effort in recent years to address and resolve the critical problem of CIC

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3 See "AT&T Comments on the December 23, 1998 Further Notice of Proposed Rulemaking," filed March 18, 1999 in Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers, CC Docket No. 94-129, pp. 32-41 ("AT&T 1999 Comments"); "AT&T Reply Comments on the December 23, 1998 Further Notice of Proposed Rulemaking," filed May 3, 1999 in id., pp. 20-23 ("AT&T 1999 Reply Comments").

exhaustion.[4] Understandably, therefore, the May 17 Public Notice (p. 2) seeks further information on the impact of this proposal on this finite, and scarce, numbering resource.

As AT&T showed last year, issuing CICs to each of the hundreds of switchless resellers now operating in the marketplace (much less to other future entrants attracted by the Commission's pro-competitive policies) would have immediate, serious adverse consequences on CIC exhaustion. This is because switchless resellers frequently resell the underlying services of several different facilities-based carriers, and would require a different CIC to "point" LEC switching systems to each of those underlying carriers. AT&T estimated that the Commission's proposal might require assignment of up to 3,000 CICs, or more, from the total available for assignment.[5]

Even a far more modest increase in CIC assignments is totally insupportable in the current numbering environment. The NANPA 1999 Activity and Quality Report, issued by NeuStar, Inc., the North American Numbering Plan Administration ("NANPA"), states the problem succinctly:

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4 See, e.g., Administration of the North American Numbering Plan, Carrier Identification Codes (CICs), 12 FCC Rcd 8024 (1997); 12 FCC Rcd 17876 (1997); 13 FCC Rcd 3201 (1997).

5 See AT&T 1999 Comments, pp. 36-37 (basing estimate on up to six CICs per reseller and approximately 500 current switchless resellers). As AT&T also showed there, however, this assumption is understated because in the multi-tiered resale marketplace resellers often purchase services from other resellers, rather than directly from a facilities-based carrier. CIC codes would thus also have to be assigned to "point" switchless resellers' traffic to other resellers.

> "As of January 1, 2000 there were . . . . 2,031 FG D CICs assigned. . . At present assignment rates, 26 assignments per month on average, the supply of assignable FCG D CICs will exhaust in 2002 and additional ranges must be opened. If the FCC lifts the current limit on the number of CICs that an entity can hold, the supply will exhaust considerably sooner."[6]

The Commission should find the proposal under discussion here unacceptable for this reason alone.

But even apart from the setback it would deal to the Commission's numbering conservation efforts, the proposed mandatory adoption of CICs by switchless resellers would impose substantial costs upon carriers (and, derivatively, upon their end users) for network modifications. In order to transmit the resellers' CIC codes to the underlying carriers' networks, LECs would have to implement the Signaling System 7 ("SS7") protocol in all end offices where the resellers now provide, or may hereafter elect to provide, service. AT&T estimates that the SS7 protocol currently is not implemented in about 20 percent of all end offices, comprised mostly of central offices in small, independent telephone companies ("ICOs"). Those carriers are best positioned to respond to the May 17 Public Notice's request for the cost impacts on them of upgrading their networks in response to the Commission's proposed assignment of CICS to switchless resellers.

Not only would all local carriers have to deploy SS7 in their end offices, but even IXCs such as AT&T that have already deployed SS7 in their own networks would have to expand the CIC parameter in their switches, network databases and operations support systems to accommodate five digits, rather than the

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6 NANPA 1999 Activity and Quality Report, p. 4 (emphasis supplied).

current four digit CIC codes. AT&T estimates that the cost of developing and implementing this CIC code expansion in one type of its switching systems alone would be approximately $70 million, and that the feature could not be deployed in those switches until the first quarter of 2003 at the earliest.

Additional substantial, but as yet undetermined, costs would have to be incurred by AT&T to upgrade the other types of switching systems in its network. Based solely on the development costs of another, not fully comparable feature, AT&T preliminarily estimates the cost of the CIC expansion for these switches at between $10 million and $20 million.[7]

Moreover, IXCs may incur additional significant expense for each reseller CIC deployed in each LEC end office. Because the primary purpose of a CIC is to allow the LEC switch to determine the particular IXC trunk group to which a particular 1+ call should be routed, a reseller that deploys its own CIC would be required to notify each LEC on an end office-by-end office basis regarding the IXC trunk group to which calls should be routed. This process requires the active involvement of the IXC, both to specify the trunk group and to confirm that the reseller is authorized to direct calls to that trunk group. AT&T estimates that the cost to the IXC of deploying a CIC in a single end office is between $100 and $150. Full nationwide deployment of a CIC requires that the CIC be loaded in over 20,000 LEC end office, so the reseller would either have to bear the full cost of CIC deployment

7 Without additional information from its switch vendors, AT&T cannot reliably even approximately estimate the time needed to develop and deploy the CIC expansion in these switching systems.

(at least $2 million), or else reduce its geographic scope of service to reduce the cost of CIC deployment.[8]

While the Commission must in all events be cautious before imposing such enormous cost burdens on AT&T and other carriers (costs which must ultimately be borne by end users), it should be especially vigilant unless the need for such expenditures has been demonstrated and the efficacy of the proposed remedy is clearly established. Neither of those requisites is satisfied here.

Only a little more than a year ago, the Commission in its Truth-in-Billing docket adopted principles and guidelines designed to reduce slamming and cramming by making telephone bills easier for end users to read and understand.[9] One key, and binding, part of these principles is that the name of the service provider associated with each charge must be "clearly identified" on the customer's telephone bill.[10] Conscientious implementation by carriers of these provisions, and their effective enforcement by the Commission, should substantially alleviate the "soft slamming" problem by making unauthorized carrier changes readily detectable by end users. For example, for the first five months of this year the monthly average

8 Facilities-based IXCs would be entitled to recover from their reseller customers the significant costs to the underlying carriers that mandatory issuance of CICs to resellers would necessarily produce. See, e,g., Resale and Shared Use of Common Carrier Domestic Public Switched Network Services, 83 FCC 2d 167, 168 (180)("Resale and Shared Use")(noting that the Commission's resale policies are intended to "insure that rates are cost-based").

9 Truth-in-Billing and Billing Format, 14 FCC 7492 (1999), recon., 15 FCC Rcd 6023 (2000).

10 See 14 FCC at 7510 (¶¶ 29-30); 47 C.F.R. § 64.2001(a)(1).

number of complaints regarding its resellers reported to AT&T -- including, but not limited to, complaints of "soft slamming" -- was less than 20 percent the average monthly number of such complaints during the corresponding period in 1999.

Moreover, the Commission has only recently adopted new regulations and procedures for carrier-to-customer and intercarrier liability for unauthorized changes which, when implemented, are intended to increase effective deterrence of slamming, including (but not limited to) "soft slamming."[11] Especially in light of these developments, mandating a costly, burdensome and largely ineffectual CIC assignment process for switchless resellers cannot be justified.[12].

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11 See Second Report and Order; id., First Order on Reconsideration, FCC 00-135, released May 3, 2000.

12 Moreover, imposing these obligations without any record support that the additional costs are necessary would compromise the underlying premise of the Commission's Resale and Shared Use cases. See, e.g. 60 FCC 2d 261 (1976), modified 62 FCC 2d 588 (1977); 83 FC 2d 167 (1980). Those decisions recognize that carriers are obligated to permit resale of their interexchange and international services without undue restrictions that unreasonably add costs to the resale effort. As shown above, mandatory issuance of CICs to resellers would necessarily result in significant costs to facilities-based IXCs, which those underlying carriers would be entitled to recover from their reseller customers. Imposing these additional substantial direct and indirect costs on facilities-based IXCs, and hence upon resellers, without demonstrated need would result in the very sort of impairment of resale that the Commission's resale policies are designed to prevent.

WHEREFORE, for the reasons stated above and in AT&T's prior submissions in this proceeding, the Commission should decline to require switchless resellers to obtain CIC codes.

Respectfully submitted,

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